

Legislative Fiscal Bureau

Fiscal Note

HF 2532 - Public Retirement System Changes (LSB 6566 HV)

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Fiscal Note Version - New

Description

House File 2532 makes numerous changes to public retirement systems, including the Public Safety Peace Officers' Retirement, Accident, and Disability System (PORS), the Iowa Public Employees' Retirement System (IPERS), the Statewide Fire and Police Retirement System (411s), and the Judicial Retirement System. The changes to each public retirement system with estimated fiscal impact are as follows:

Public Safety Peace Officers' Retirement, Accident, and Disability System (PORS):

- Section 3 of the Bill, Section 97A.6(14), Code of Iowa, is amended concerning the escalator program for retirees. The Bill provides that the calculation relating to the increase in a retiree's pension based upon a percentage of the increase in salary for an active member of the system is done on both July 1 and January 1 of each year. Under current law, this calculation is done only on July 1.
- Section 4 of the Bill, Section 97A.14A, Code of Iowa, is added and permits the System to recover benefits paid by way of a subrogation action.

Iowa Public Employees' Retirement System (IPERS):

- Section 19 of the Bill, Section 97B.49A(1)(e)(1), Code of Iowa, is amended by adding a county conservation peace officer as designated by a county conservation board as a member of a protection occupation for purposes of calculating the members' retirement under IPERS.
- Section 22 of the Bill, Section 97B.49F(2), Code of Iowa, is amended to provide that a beneficiary who receives a monthly allowance after the death of an active member will qualify for a Favorable Experience Dividend (FED) in the same manner as IPERS retirees and beneficiaries.
- Section 23 of the Bill, Section 97B.50A, Code of Iowa, is amended to provide that a special services member has the option of selecting a pension equal to 60.0% of the member's three-year covered wage or the pension the special service member would otherwise receive if the member were 55 years-of-age. Under current law, the member receives the greatest of the 60.0% calculation or the pension the member would otherwise receive based upon the member's actual age.
- Section 32 of the Bill, Section 97B.52(2), Code of Iowa, is made retroactive to January 1, 1992, to provide a \$100,000 line of duty death benefit for a member who dies while in special service.
- Section 34 of the Bill provides for IPERS to conduct a study and report by October 1, 2003, concerning its findings and recommendations on the possible implementation of a cost-neutral Deferred Retirement Option Program (DROP).

- Section 35 of the Bill provides for IPERS to conduct a study and report by October 1, 2003, concerning its findings and recommendations on the possible implementation of a new option for vested employees who terminate employment prior to retirement to have their refund amount rolled into an individual account under IPERS.

Statewide Fire and Police Retirement System (411s):

- Sections 36 – 39 of the Bill, amends Sections 411.1 and 411.6(3) and (5), Code of Iowa, to provide that a member must be in “good standing” in order to receive an ordinary disability benefit or an accidental disability benefit.
- Section 40 of the Bill, amends 411.6(7), Code of Iowa, to provide that the contribution applicable to a disabled member who returns to work is the rate applicable to all members of the System.

Judicial Retirement System:

- Sections 49 and 50 of the Bill, amends sections 602.9202 and 602.9203, Code of Iowa, to provide that full-time associate juvenile judges and full-time associate probate judges can be senior judges under the judicial retirement system. Both full-time associate juvenile judges and full-time associate probate judges are currently included within the Judicial Retirement System.

Assumptions

Public Safety Peace Officers’ Retirement, Accident, and Disability System (PORS):

- The PORS does not have sufficient records to determine the impact of granting the escalator to retirees that would not take place for a year because of the delay in the cost of living adjustment for State employees in FY 2002.
- The PORS does not have sufficient records to determine how much might be recovered from at-fault parties that injure or kill System members.

Iowa Public Employees’ Retirement System (IPERS):

- The provisions of Section 19 of this Bill are cost neutral, as it relates to county conservation peace officers.
- The provisions of Section 22 of this Bill, clarifies how IPERS is already determining the Favorable Experience Dividend (FED).
- The provisions of section 32 of this Bill pertaining to the \$100,000 line of duty death benefit for a member, who dies while in special service, would include six people who have died since January 1, 1992.

Statewide Fire and Police Retirement System (411s):

- The number of members that would not qualify in the future for benefits because of the “good standing” provision cannot be determined.
- The provision in Section 40 of this Bill pertaining to the contribution applicable to a disabled member who returns to work is the rate applicable to all members of the System and is a clarification of the current practice.

Judicial Retirement System:

- Senior judges work 13 weeks per year or one-fourth of the year.
- Currently, senior judges receive an annual salary of approximately \$6,000, health insurance for the senior judge and their spouse, which may continue to the age of 78 if the senior judge completes at least six years of service as a senior judge, and an increase in their pension benefit in an amount not to exceed 45.0%, at the rate of 75.0% of the increased salary for full-time judges, each year.
- The salary and benefits for a full-time judge is approximately \$108,000.
- Eight of the current associate Probate Judge and Associate Juvenile Judges participate in the Judicial Retirement System.

Fiscal Impact

The fiscal impact of HF 2532 is as follows:

Public Safety Peace Officers' Retirement, Accident, and Disability System (PORS):

- The fiscal impact to the Fund cannot be determined due to the lack of information from the System.

Iowa Public Employees' Retirement System (IPERS):

- Making the \$100,000 death benefit retroactive to January 1, 1992 would cost the Fund \$600,000.
- The total cost of the two studies is approximately \$135,000.

Statewide Fire and Police Retirement System (411s):

- To the extent that a fiscal impact can be determined, the impact of HF 2532 would be minimal.

Judicial Retirement System:

- Permitting the current Associate Probate Judge and the seven Associate Juvenile Judges who participate in the Judicial Retirement System to participate in the Senior Judge Program would have no immediate impact on the Judicial Retirement System and only minimal impact in the future.
- The retention of four senior judges, instead of one full-time judge, would save the Judicial Branch approximately \$27,000 each year.

Sources

Public Safety Peace Officers' Retirement, Accident, and Disability System (PORS):

Iowa Public Employees' Retirement System (IPERS):

Statewide Fire and Police Retirement System (411's):

Judicial Retirement System:

/s/ Dennis C Prouty

March 5, 2002

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
